

29th April 2013

CAPITAL RAISING AND 1.3 BT COAL PROJECT ACQUISITION

HIGHLIGHTS:

- ***African Energy Resources Ltd (“African Energy”) and Aviva Corporation Ltd (ASX: AVA, “Aviva”) have executed a binding Term Sheet under which African Energy has agreed to acquire the 1.3 billion tonne Mmamantswe Coal Project in south-east Botswana for cash consideration of AUD \$3.5M, subject to Aviva shareholder approval and certain other conditions precedent.***
- ***African Energy and The Sentient Group, acting for Sentient Executive GP IV, Limited (“Sentient”) have executed a binding share subscription deed under which Sentient will subscribe for up to AUD \$8.5M in African Energy shares at AUD 12c per share. This subscription comprises an initial unconditional tranche of \$5M and a second tranche of \$3.5M, which is conditional upon the acquisition of Mmamantswe by African Energy and African Energy’s shareholders refreshing the Company’s 15% placement capacity.***
- ***On completion of these transactions, African Energy will have secured the full rights to 3.8 billion tonnes of coal in Botswana, and increased its working capital to approximately \$6M.***
- ***Advanced discussions with several global strategic groups to invest directly into Sese Power (Pty) Ltd (the wholly owned special purpose vehicle for the Sese Integrated Power Project) are ongoing. A successful outcome would provide working capital to take the Sese Integrated Power Project through to financial close without further equity dilution for African Energy shareholders.***

POTENTIAL BENEFITS TO SHAREHOLDERS:

Successful completion of the Sentient placement and the acquisition of the Mmamantswe Coal project will provide the following benefits:

- African Energy will have a cornerstone institutional investor with a large financial capability and project development focus. This is an acknowledgement of the shared management vision between the Company and Sentient.
- Sentient’s partner SDIC is well placed to provide additional experience in integrated power project execution and operation which increases African Energy’s credibility as a developer of reliable base load power projects.
- African Energy’s coal inventory will increase to 3.8 billion tonnes of published Measured, Indicated and Inferred resources (refer to Table 1), providing a portfolio of strategic scale that is more attractive to development partners for large-scale export operations.
- The addition of Mmamantswe to Sese provides African Energy with a diversity of location and multiple development opportunities for both power generation and coal export projects.

SENTIENT SHARE SUBSCRIPTION AGREEMENT:

Key terms of the Sentient Share Subscription Deed are as follows:

- Sentient will immediately subscribe for 41,666,667 shares at 12c each to raise AUD \$5M. This subscription is unconditional and is within African Energy's 15% capacity to issue shares without prior shareholder approval under ASX Listing Rule 7.1.
- Upon completion of this subscription, African Energy will call a General Meeting to approve and ratify this placement, refreshing the Company's 15% placement capacity under Listing Rule 7.1.
- Upon formal acquisition of the Mmamantswe Coal Project by African Energy on terms not materially less favourable than those in the binding Term Sheet and subject to shareholders having refreshed African Energy's 15% placement capacity, Sentient will subscribe for a further 29,167,667 shares at 12c each to raise \$3.5M.
- A placement fee of 3,541,667 shares will be issued to Sentient for nil consideration following completion of the \$3.5M equity subscription.
- Upon full completion of the share subscription deed, Sentient will hold approximately 17.5% of the enlarged capital of African Energy and will be the largest shareholder.

SENTIENT BACKGROUND:

The Sentient Group (www.thesentientgroup.com) is an independent private equity investment firm that specialises in the global resource industry. Sentient manages in excess of US \$2.3 billion in the development of metal, mineral and energy assets across the globe. Sentient's current investment portfolio includes projects in power generation, energy storage, potash, and base, precious and ferrous metals mining, covering countries as diverse as China, Brazil, Canada, Papua New Guinea, Finland, Australia, Kenya and Botswana.

Of particular relevance to African Energy is Sentient's long-term relationship with SDIC, China's fifth largest State Owned Enterprise, and Sentient's joint venture partner in SDIC Xiyang Energy Co Ltd, an integrated coal mining and power generation company operating in China. SDIC's experience in integrated coal and power projects has the potential to boost the delivery capability of African Energy's Sese Integrated Power Project, and thus accelerate negotiations for power purchase agreements currently underway.

MMAMANTSWE COAL PROJECT ACQUISITION AGREEMENT:

The Mmamantswe Coal Project is in south-eastern Botswana (for location refer to Diagram 1), and comprises a Measured and Indicated Resource of 1.3 billion tonnes of thermal coal, including 895Mt of Probable Reserves – refer to Table 1. A 2009 Scoping Study completed by SRK concluded that a 10Mtpa open-pit mining operation could produce 2.4Mtpa of washed export coal (22MJ/kg, <20% ash) and 2.1Mtpa of middlings suitable for power station fuel (15.3MJ/kg, 38% ash) at a ROM (run-of-mine) cash cost of \$9.10 per tonne for a total capital cost of \$350M on an owner-operated basis. An EIA was approved for the project by the Government of Botswana in October 2012, and an 8 Gl/year water bore-field has been delineated and secured for the project, providing sufficient water for mining and processing and for a 300MW mine-mouth power station. To date, Aviva has invested approximately \$12million in the project.

The Mmamantswe Coal Project is situated within prospecting licence PL69/2007, covering an area of 454km². Aviva is earning a 90% interest in the project, and is currently negotiating with the owners of

PL69/2007 to acquire 100% rights to the project and terminate the joint venture. PL69/2007 will then be transferred into Mmamantse Coal (Pty) Ltd, Aviva's wholly owned Botswana subsidiary.

Under the terms of the binding Terms Sheet between Aviva and African Energy, subject to satisfaction of the conditions precedent described below, African Energy has agreed to acquire all outstanding shares in Botswana Energy Solutions, a BVI registered company which is wholly owned by Aviva and which is the sole shareholder of Mmamantse Coal (Pty) Ltd.

Conditions Precedent to the acquisition of Botswana Energy Solutions by African Energy are:

- Mmamantse Coal (Pty) Ltd becoming the registered holder of 100% of PL69/2007 by no later than 26th July 2013.
- Completion of legal and technical due diligence by 3rd May 2013 to the satisfaction of African Energy at its sole discretion.
- African Energy raising the necessary funds to purchase the project (which is satisfied through the Sentient Tranche 1 subscription referred to above).
- Execution of a formal binding Share Sale Agreement, the key terms of which are stipulated in the binding Term Sheet.
- Approval of the transaction by Aviva's shareholders under the ASX Listing Rules at an Extraordinary General Meeting expected to be convened in June.

TRANSACTION TIMELINES:

The following indicative timeline has been established for this transaction:

Item	Date
Announcement of acquisition and placement	29 April 2013
Placement of tranche 1 shares to Sentient	3 May 2013
Completion of Mmamantse due diligence	3 May 2013
AFR Notice of Meeting distributed	8 May 2013
AFR Shareholder Meeting	27 May 2013
Execution of Share Sale Agreement with Aviva	TBA
AVA Notice of Meeting distributed	TBA
AVA Shareholder Meeting	TBA
Completion of acquisition of Mmamantse	TBA
Placement of tranche 2 shares to Sentient	TBA

For any further information, please contact the Company directly on +61 8 6465 5500.

For and on behalf of the board.

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code') sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The information contained in this announcement has been presented in accordance with the JORC Code (2004 edition) and references to "Measured, Indicated and Inferred Resources" are to those terms as defined in the JORC Code (2004 edition).

Information in this report relating to Exploration results, Mineral Resources or Ore Reserves is based on information compiled by Dr Frazer Tabart (an employee and the Managing Director of African Energy Resources Limited) who is a member of The Australian Institute of Geoscientists. Dr Tabart has sufficient experience that is relevant to the style of mineralisation and type of deposit

under consideration and to the activity that he is undertaking to qualify as a Competent Person under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Tabcart consents to the inclusion of the data in the form and context in which it appears.

TABLE 1: Resource Summary	
	Total Tonnes in-situ
SESE Deposit	
MEASURED (Block-B)	318 Mt
MEASURED (Block-C)	333 Mt
INDICATED	1,714 Mt
INFERRED	152 Mt
Mmamantswe Deposit	
INFERRED	1,296 Mt
(includes PROBABLE RESERVE)	895 Mt
TOTAL (Resources)	3,813 Mt

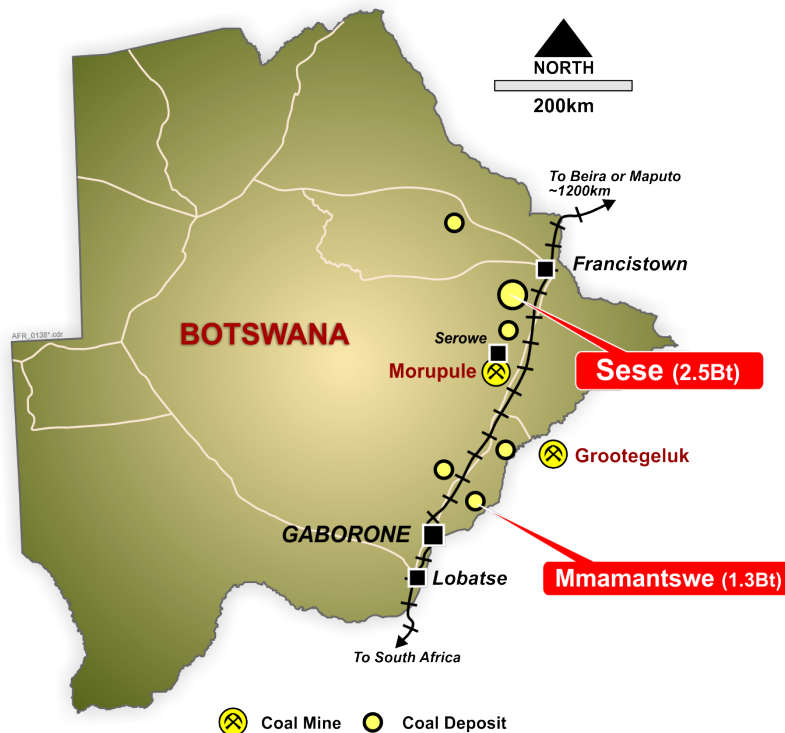


Diagram 1 – Location Map showing the positions of the Sese and Mmamantswe coal deposits.